

Data Sheet

USAID Mission:	Kosovo
Program Title:	Economic Policy and Institutions
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	167-0120
Status:	New in FY 2004
Planned FY 2005 Obligation:	\$6,490,000 AEEB
Prior Year Unobligated:	\$110,000 AEEB
Proposed FY 2006 Obligation:	\$6,230,000 AEEB
Year of Initial Obligation:	2004
Estimated Year of Final Obligation:	2008

Summary: USAID's economic program for Kosovo promotes the effective implementation and institutionalization of key reforms in fiscal policy, financial market development, commercial law development, privatization, and trade and investment policies through intensive technical assistance, training, and development of human capacities in Kosovo institutions. Future efforts will build on past achievements and will focus on institutionalization of these reforms. Much of the effort will be concentrated on strengthening human capacity in the institutions as well as on effective dissemination of improved economic policies and public administration practices.

Inputs, Outputs, Activities:

FY 2005 Program: Improve Economic Policy and Governance (\$3,050,000 AEEB, \$110,000 AEEB carryover). USAID will build upon technical assistance in support of economic reform and institutional development. Assistance to the Ministry of Economy and Finance will shift from establishing institutions to institutionalizing policies and procedures. In that regard, with limited exceptions, the role of USAID advisors has already shifted from managing and running institutions, to advising Kosovo counterparts who have assumed these responsibilities of managing Kosovo institutions. At the Ministry of Economy and Finance, assistance will intensify in training and capacity building for public officials in the following areas: macroeconomic analysis, budget planning and execution (at both municipal and central levels), and treasury functions and taxation, including a property tax. In developing a market-oriented commercial law regime, USAID will continue to provide assistance to the Office of Prime Minister and Assembly; however, emphasis will shift to training the legal community on the new commercial laws through the Kosovo Judicial Institute and the University of Pristina law school. Public education will support all areas. Contractors: BearingPoint (prime); The Services Group (sub); Overseas Strategic Group (sub).

Strengthen Financial Sector's Contribution to Economic Growth (\$974,000 AEEB). Assistance will continue at a reduced level to the Banking and Payments Authority of Kosovo primarily in banking supervision, to strengthen the regulatory environment for the financial sector. In addition, USAID assistance will ensure that the Kosovo Pension Savings Trust has the ability to effectively administer the mandatory defined-contribution pension scheme. Same implementers as above.

Increase Private Sector Growth (\$1,882,000 AEEB). USAID will continue to provide privatization assistance to the Kosovo Trust Agency to facilitate a transparent and efficient privatization process of socially owned enterprises (SOEs), including privatizing agricultural SOEs, as well as assistance in public education to promote understanding and support for privatization. Same implementers as above.

Increase Participation in Global Trade and Investment (\$584,000 AEEB). Assistance to the Ministry of Trade and Industry will increase capacity to develop trade policy, to implement free trade agreements, and to build institutional capacity in trade facilitation. Same implementers as above.

FY 2006 Program: Improve Economic Policy and Governance (\$3,064,000 AEED). USAID will continue to provide technical assistance to the Ministry of Economy and Finance utilizing intensive training of counterparts, including hands-on training of senior officials as well as developing training capacity within the institution for sustainability. In commercial law development, assistance will emphasize implementation of laws through focused, intensive training for the legal community.

Strengthen Financial Sector's Contribution to Economic Growth (\$756,000 AEED). Assistance to the Banking and Payments Authority of Kosovo and Kosovo Pension Systems Trust will ensure effective supervision of commercial banks as well as sound administration of pension savings.

Increase Private Sector Growth (\$1,975,000 AEED). Privatization efforts through assistance to the Kosovo Trust Agency will accelerate significantly with a goal of completing privatization.

Increase Participation in Global Trade and Investment (\$435,000 AEED). USAID will continue to provide capacity building in development of trade policy, as well as assistance in promoting implementation of trade agreements.

Same implementers as above.

Performance and Results: USAID's economic program has provided valuable support for the establishment, development, and strengthening of Kosovo's economic governance institutions. Much of its targeted assistance is focused on existing Provisional Institutions of Self-Government, particularly the Ministry of Economy and Finance. The aim is to make this a strong institution, capable of providing strong policy leadership and effective fiscal management. USAID support to this ministry has created sound, transparent, and well-implemented tax and budget regimes, including fiscal decentralization. Support to the Banking and Payments Authority of Kosovo in regulating the financial sector is widely regarded as successful, already resulting in sound and stable banking, insurance, and pension sectors. USAID's creation of a social safety net, including a modern, multi-tier pension system, provides elderly residents of Kosovo with a basic monthly pension as well as establishing a modern pension system for current workers. Core commercial legislation is largely in place, although not yet well-implemented. While privatization has slowly resumed, some legal issues that delayed these efforts remain unresolved, injecting some uncertainty into whether privatization will be able to be completed as anticipated. By completion of the program, Kosovo will have strong economic, financial, and legal institutions prepared to support a market-based economy driven by private-sector growth. In addition, it is anticipated that SOEs will be privatized, encouraging, with accelerated investment, economic activity in Kosovo. Continued progress in this objective will provide the enabling environment required for supporting the growth of productive enterprises, which in turn provide employment, higher incomes, and better quality of life.

US Financing in Thousands of Dollars

Kosovo

167-0120 Economic Policy and Institutions	AEEB
Through September 30, 2003	
Obligations	0
Expenditures	0
Unliquidated	0
Fiscal Year 2004	
Obligations	8,767
Expenditures	3,336
Through September 30, 2004	
Obligations	8,767
Expenditures	3,336
Unliquidated	5,431
Prior Year Unobligated Funds	
Obligations	110
Planned Fiscal Year 2005 NOA	
Obligations	6,490
Total Planned Fiscal Year 2005	
Obligations	6,600
Proposed Fiscal Year 2006 NOA	
Obligations	6,230
Future Obligations	0
Est. Total Cost	21,597

